

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



FILED

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In the Matter of the Application of
California-American Water Company (U
210 W) for an order authorizing it to
increase its rates for water service in its Los
Angeles District to increase revenues by
\$2,020,466 or 10.88% in the year 2007;
\$634,659 or 3.08% in the year 2008; and
\$666,422 or 3.14% in the year 2009

A.06-01-005

**CALIFORNIA-AMERICAN WATER COMPANY PREHEARING CONFERENCE
STATEMENT**

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Dated: October 11, 2007

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STATEMENT**

As directed by the *Administrative Law Judge Ruling Setting a Prehearing Conference on October 17, 2007*, mailed October 4, 2007 ("Ruling"), California-American Water Company ("California American Water") respectfully submits its prehearing conference statement.

The Commission, both in its Water Action Plan and in the Order Instituting Investigation that initiated its generic conservation proceeding, recognized the importance of encouraging water conservation.¹ Since pricing signals are one of the most effective ways to encourage conservation, California American Water seeks to implement conservation rates for its Los Angeles District as soon as possible. The fact that California recently experienced an unusually dry winter and that nearly every day brings a fresh newspaper headline warning of possible drought only makes this goal more urgent.

California American Water has already resumed rate design settlement negotiations with the Division of Ratepayer Advocates ("DRA"). For the sake of efficiency,


¹ Water Action Plan, pp. 8-11; *Order Instituting Investigation to Consider Policies to Achieve the Commission's Conservation Objectives for Class A Water Utilities*, I.07-01-022, 2007 Cal. PUC LEXIS 2, *2-7.

California American Water hopes to appropriate or rely on rate design and settlement data and materials developed earlier as part of this proceeding.²

California American Water is willing to work with the DRA, the intervenors and the Administrative Law Judge to develop a procedural schedule that will allow for timely review and adoption of a conservation rate design. Although California American is unable to propose a specific procedural schedule at this time, it urges all parties to consider shortened or waived comment periods and expedited review in order to allow the Commission to issue a decision regarding conservation rates without delay.

Dated: October 11, 2007

Respectfully submitted,

By: 
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² The Ruling indicates that the Commission's decision in this proceeding, D.07-8-030, could be interpreted to prohibit consideration of a water revenue adjustment mechanism ("WRAM") or modified cost balancing account ("MCBA") as part of this proceeding. (Ruling, p. 1, citing D.07-08-030, pp. 2-3.) Should that portion of D.07-08-030 be problematic to review of a settlement in this proceeding, California American Water would be willing to support a petition for modification of that specific language, leaving unchanged the portion of D.07-08-030 that transfers consideration of the impact of rate adjustment mechanisms on return on equity to the Commission's conservation OIL.

PROOF OF SERVICE

I, Cinthia A. Velez, declare as follows:

I am employed in the City and County of San Francisco, California. I am over the age of eighteen years and not a party to this action. My business address is STEEFEL, LEVITT & WEISS, One Embarcadero Center, 30th Floor, San Francisco, California 94111-3719. On October 11, 2007, I served the within:

California-American Water Company's Prehearing Conference Statement

on the interested parties in this action addressed as follows:

See attached service list

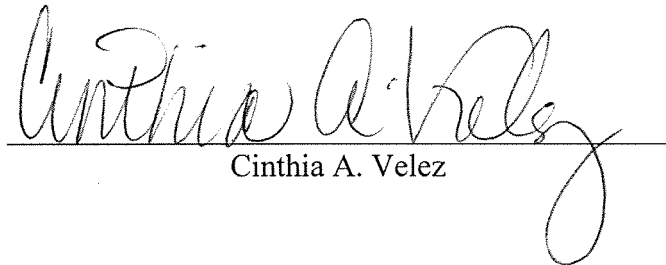


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I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed on October 11, 2007, at San Francisco, California.


Cinthia A. Velez

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A.06-01-005
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